

1. Medium Term Financial Plan (MTFP) Update

- 1.1 The MTFP has been updated for regularly calculated adjustments and pressures since last reported at State of the County in July 2021. These are summarised in table 1 below. The full MTFP is shown at Annex A.

Table 1 - MTFP Normal Updates	Ref	Estimate (£m)			
		2022/23	2023/24	2024/25	Total
Cabinet 13 July 2021 DEFICIT/(SURPLUS)		1.734	9.486	7.195	18.415
Normal Updates					
Collection Fund Receipts Update	A	(0.972)	1.321	(0.349)	0.000
2021/22 Local Council Tax Support and TIG Grants	B	0.000	(2.573)	2.573	0.000
General Contingency Update	C	0.010	0.020	(0.030)	0.000
Normal inflation for contracts	D	0.480	0.612	0.753	1.845
National Insurance 1.25% Increase	E	1.514	0.030	0.031	1.575
Efficiencies from Waste PFI	F	(0.100)	(0.100)		(0.200)
Pressures added to / (removed from) the MTFP					
Waste pressure due to housing growth	G	0.248	(0.070)	(0.114)	0.064
Treasury Management (increase for revised programme)	H	TBC	TBC	TBC	TBC
<i>Pressures Protocol:-</i>					
Remove Trading Standards savings targets	I	0.100	0.100		0.200
Bid for Trading Standards EU Exit related work		0.190			0.190
DEFICIT/(SURPLUS) AFTER NORMAL UPDATES		3.204	8.826	10.059	22.089

- 1.2 The assumption for Council Tax is an increase of 1.99% in all years; the current limit before referendum is triggered. The Adult Social Care Precept assumption has been maintained at 1.5% in 2022/23 as part of the approved spreading of the allowable 3% across two years as announced at Spending Review 2020 (SR20).
- 1.3 Scenario planning continues and will have a potential impact on this base position. Scenarios include items for local consideration, and 'likely' and 'less likely' updates relating to pressures and potential Government and other announcements:

Table 2 – Potential Scenarios	Ref	Estimate (£m)			
		2022/23	2023/24	2024/25	Total
DEFICIT/(SURPLUS) AFTER NORMAL UPDATES		3.204	8.826	10.059	22.089
Local Considerations					
Continuation of Business Rates Pooling 2022/23 (subject to the continuation of Pool arrangements)	J	(1.630)	1.630	0.000	0.000
DEFICIT/(SURPLUS) AFTER LOCAL CONSIDERATIONS		1.574	10.456	10.059	22.089
Likely Updates					
Social Care Grant	K	(2.432)			(2.432)
Revenue Support Grant – Maintained with inflation	L	(1.251)	(1.421)	(1.431)	(4.103)
Spending Review Equalisation	M	TBC	TBC	TBC	TBC
Pay Award @ 2.0% for 2021/22	N	0.476	0.023	0.024	0.523
Normal inflation for contracts – additional 0.25% sensitivity	O	0.749	0.719	0.722	2.190
Council Tax Reduction Scheme Changes (Lewes DC only)	P	0.801			0.801
Recompense for increase in National Insurance	Q	(1.514)	(0.030)	(0.031)	(1.575)
DEFICIT/(SURPLUS) AFTER LIKELY UPDATES		(1.597)	9.747	9.343	17.493
Less Likely Updates					
Pay Award @ 2.5% all years from 2022/23	R	0.633	0.664	0.687	1.984
Business Rates Growth	S	0.000	(0.118)	(0.113)	(0.231)
DEFICIT/(SURPLUS) AFTER LESS LIKELY UPDATES		(0.964)	10.293	9.917	19.246

Normal Updates:

A Collection Fund

Anticipated collection fund receipts relating to 2020/21 deficits (that will be received in 2022/23) have been updated based on District and Borough Councils' (Ds and Bs) Statement of Accounts where available (to date we have been able to review 3 of the 5). Changes largely relate to Council Tax, where increased collection in 2020/21 brings forward previously modelled post pandemic recovery from 2023/24 to 2022/23. Growth is also shown in 2024/25 as, in accordance with MHCLG guidance, the deficit spread is only allowable over the three years to 2023/24. The position will be further updated once the Q1 monitoring position of Business Rates is finalised by the Ds and Bs. Through the Autumn we will continue to work with Ds and Bs to improve certainty of receipts and, as normal, update for the latest Office of Budget Responsibility (OBR) inflation rates when published.

B 2021/22 Local Council Tax Support and TIG Grants

It was confirmed as part of a Government announcement in February 2021 that both these grants are unringfenced, and can be used as considered appropriate locally, and therefore a local decision can be made on when to apply these grants.

The Local Council Tax Support Grant provided to compensate for 2020/21 reduced collection and the reduction to the Council Tax base due to increased local Council Tax support caseload was £4.734m. In 2021/22 £2.621m was applied against losses. As part of Q1 monitoring no further requirement in 2021/22 has been identified, therefore, the remaining £2.113m can be applied in future years as well as the remaining Local Tax Income Guarantee (TIG) grant of £0.459m. Modelling suggests that continued and further reductions to the Council Tax base due to increases in Council Tax support caseload will continue; therefore these have now been profiled in 2023/24, but this will be reviewed as part of the ongoing RPPR process.

C General Contingency Update

This is calculated at an agreed formula of 1% of net budget less treasury management.

D Normal Inflation for Contracts

The service inflation model has been updated to reflect the latest base budgets specific updates that have been made for MBOS, Highways, Home to School Transport, Foster Care, and Insurance. The review of contracts will continue and inflation will be subject to normal updates for the latest Office of Budget Responsibility (OBR) inflation rates in the Autumn.

E National Insurance (NI) 1.25% Increase

On 7 September 2021 the Prime Minister announced that from April 2022 there will be a 1.25% increase in employers NI contributions (as well as on employees contributions). These contributions will fund a raft of measures intended to reform health and social care. In England, from 2022-23 receipts from the Levy will be added to the existing NHS allocation. From 2023, receipts from the Levy will go to the MHCLG, NHS England and Improvement and the Department of Health and Social Care (DHSC).

Specific funding allocations for each Local Authority will be communicated by MHCLG in the usual way through the Local Government Finance Settlement process. The document published on the 7th states "*The Government will ensure Local Authorities have access to sustainable funding for core budgets at the Spending Review. We expect demographic and unit cost pressures will be met through Council Tax, social care precept, and long-term efficiencies; the overall level of Local Government funding, including Council Tax and social care precept, will be determined in the round at the Spending Review in the normal way*". The details of any direct funding or added burdens for the Council are yet to be published.

F Efficiencies from Waste PFI

Following a number of changes over the past few years, the budget requirements for the Waste Disposal Service has been reviewed. There has been a general reduction in household waste over the last few years due to external factors (i.e. public awareness of environmental impacts of waste and consumer pressure resulting in reduced packaging, plastic bags etc). There have also been a number of service improvements to reduce contract costs (e.g. recycling of mechanical street sweepings, extended planned maintenance cycle at Newhaven Energy Recovery Facility,

maximisation of electricity income). As a consequence, there is scope to reduce the Waste budget by £200k without placing undue financial pressure on the service operation.

G Waste Pressure due to Housing Growth

The Waste Model has been updated for the latest inflation and housing growth estimates.

H Treasury Management (increase in capital funding)

At State of the County in July 2021, areas of work were outlined that are being developed in priority basic need areas, including highways, Environmental and Social Governance (ESG), school places and Special Educational Needs and Disability (SEND) provision. The programme is already supported by borrowing of £227.9m to 2029/30 which has an associated revenue impact. Revised targets and new need are likely to add to this and any revenue impact will also be presented for consideration.

I Pressures Protocol – Approved Bids

As is normal practice a number of bids were presented to CMT in line with the pressures protocol. The following proposals are now included in the MTFP:-

- Removal of Trading Standards savings target of £0.100m in both 2022/23 and 2023/24 due to service pressures.
- Additional ongoing resource of £0.190m for Trading Standards EU Exit related work, both at Newhaven and elsewhere in the county.

Local Considerations:

J Continuation of Business Rates Pooling 2022/23

Proceeds of pooling have been updated using published information from District and Borough Councils. It is considered possible that the Business Rates pooling arrangements will be allowable in 2022/23, however this will be a county wide decision and subject to the continuation of pools.

Likely Updates for Consideration:

K Social Care Grant

£300m additional grant for adult and children's social care for 2021/22 was announced at the last Spending Review (included in the 2021/22 MTFP position as £2.452m), alongside confirmation that the £1bn social care grant announced in 2020/21 would be rolled forward; (this is £14.6m included in our base budget for the life of the current parliament). It is considered likely that the Social Care Grant will be no less than that received in 2021/22, and that a multi-year settlement would see funding levels maintained at least in the short term. However this could be impacted by health and social care funding reform and the suggestion detailed above at paragraph E regarding access to sustainable funding via core budget.

L Revenue Support Grant (RSG) – Maintained with inflation

The current assumption for RSG is that there will be no Business Rates or Fair Funding reform for 2022/23. Ahead of any funding reform, the government have compensated for the current mechanism where it creates negative RSG in some authorities. Therefore within the likely scenarios we have assumed the government will compensate for negative RSG in the same way it has done in the last couple of years.

M Spending Review Equalisation

Due to the ongoing economic uncertainty related to Brexit and COVID-19 and the levelling up agenda it is increasingly likely that there will be some form of equalisation relating to funding. This could result in some loss of funding.

N Pay Award: 2.0% in 2021/22

The provision for pay award was 1.5% in 2021/22 and 2% thereafter. An assumption has been made for a 2% award in 2021/22 and its impact in future years given that 1.5% has been rejected by the Unions. Once the pay award for 2021/22 is agreed, a final review of the pay award model will be conducted.

O Normal Inflation for Contracts – additional 0.25% sensitivity

Further modelling has been carried out regarding inflation sensitivity and likely price increases as a result of Brexit and the Pandemic currently being experienced. Current inflation estimates are based on figures published by the OBR at the Budget Statement in March 2021 and will be

updated to reflect forecasts to be published as part of the Autumn Statement. It is therefore anticipated inflation will be greater than current assumptions. Increases of 0.25% to current assumptions would result in an increase of approx. £0.700m per annum.

P Council Tax Reduction Scheme Changes by District/Borough Councils

Council Tax billing authorities are required to review their Local Council Tax Reduction Schemes (LCTRS) annually and to consult publicly on any proposed changes. Both Lewes and Rother District Councils are consulting on changes to their LCTRS for 2022/23. The final decision to set or change the LCTRS rests solely with each billing authority, although as a major precepting authority, the greatest financial impact will fall on ESCC.

Lewes District Council's Cabinet approved proposals for consultation at its meeting in June 2021. The estimated loss of income should the proposals be agreed is modelled to be £1.133m, of which the largest loss of income of £0.801m will fall on ESCC.

Rother District Council is also proposing to make changes to its LCTRS, although they are unable to accurately assess the number of potential claimants, but it is not expected to be significant, and the loss of income will be minor.

Q Recompense for National Insurance Increase

Within the *Build Back Better: Our Plan for Health and Social Care* policy paper published by the Government on 7 September 2021, it was stated that "*the Government intends to compensate departments and other public sector employers in England at the Spending Review for the increased cost of the Levy*". Compensation for the additional cost of the 1.25% National Insurance increase has been included as a likely update until there is further clarity on the methodology for compensation or notification of specific funding allocations.

Less Likely Updates for Consideration:

R Pay Award: 2.5% in all years

The provision for pay award was 1.5% in 2021/22 and 2% thereafter. An additional assumption has been made for a 2.5% award in all years. Once the pay award for 2021/22 is agreed, a final review of the pay award model will be conducted.

S Business Rates Growth

Business Rates Growth has been assumed at 0% in all years due to the medium-term impact of the COVID-19 pandemic. A scenario has been presented that assumes some recovery with growth of 0.7% from 2023/24 based on historical normal growth figures.

2. Savings

2.1 Annex B shows the detailed savings. No new savings are proposed to be identified at this point in the RPPR process. For the period 2021/22 to 2023/24 there are savings targets of £4.361m with slipped savings from previous years of £1.014m. As detailed at paragraph I, there is an approved bid under the pressures protocol to remove the Trading Standards savings target.

3. Covid-19: Use of Grant Funding

3.1 The table below summarises the grants available with expected usage.

COVID-19 Grants 2021/22 (£m)				
	Carried forward	Expected in-year	Forecast usage	Forecast balance remaining
COVID-19 General Funding	15.132	11.999	(13.876)	13.255
COVID-19 Specific Funding	15.784	19.985	(24.113)	11.657
Total funding	30.917	31.984	(37.989)	24.912

Annex A Medium Term Financial Plan

Medium Term Financial Plan	2021/22	2022/23	2023/24	2024/25
	Approved Budget	Estimate	Estimate	Estimate
	£million	£million	£million	£million
TAXATION & GOVERNMENT FUNDING		(416.745)	(423.542)	(433.064)
Business Rates (Inclusive of BR Pooling in 2021/22)	(81.522)	(1.588)	(1.457)	(1.745)
Revenue Support Grant	(3.568)	1.212	1.440	1.461
Council Tax	(305.914)	(8.277)	(7.046)	(8.934)
Local Tax Income Guarantee for 2020/21	(1.047)	1.047	(0.459)	0.459
Local Council Tax Support Grant 2021/22	(2.621)	2.621	(2.114)	2.114
Adult Social Care Precept	(4.486)	(4.655)	0.000	0.000
New Homes Bonus	(0.505)	0.391	0.114	0.000
Social Care Grant	(17.082)	2.452	0.000	0.000
TOTAL TAXATION & GOVERNMENT FUNDING	(416.745)	(423.542)	(433.064)	(439.709)
SERVICE PLAN				
Service Expenditure	381.308	381.374	387.725	401.763
Investment of unallocated funding – Revenue	1.707	(1.707)		
Inflation				
Pay Award 2020/21	0.074			
Contractual inflation (contract specific)	0.539	1.199	2.379	0.774
Normal inflation for contracts	6.763	8.824	8.178	9.028
National Insurance 1.25% Increase		1.514	0.030	0.031
Adult Social Care				
Growth & Demography	3.413	(3.413)	3.413	3.917
Future demand modelling net of attrition (Covid-related)	1.133	(1.133)	1.133	(0.365)
Pressures approved via protocol	(0.743)			
Winter Pressures	0.000			
Improved Better Care Fund	(21.137)			
Children's Services				
Dedicated Schools Grant	0.000	0.422		
Growth & Demography	1.070	2.635	0.993	
Looked After Children	1.909	0.000		
Disabled Access Regulations for Buses/Coaches	0.043	0.098		
Home to School Transport	0.523	0.523		
Looked After Children Placements (Covid-related)	3.429	0.000	(0.795)	(0.789)
Pressures approved via protocol	0.184	(0.124)	(0.124)	0.124
SEND High Needs Block Additional funding	(0.814)	(2.138)		
Social Worker Pay		1.493		
Communities, Environment & Transport				
Waste PFI efficiencies		(0.100)	(0.100)	
Waste Housing Growth	0.236	0.280	0.208	0.185
Street lighting Electricity/Re-payment of Investment	(0.655)			
Pressures approved via protocol	0.262	0.204	0.015	
Business Services				
IT & Digital Licences	0.025	0.000		
Pressures approved via protocol	0.110	0.004	0.005	

Annex A Medium Term Financial Plan

Medium Term Financial Plan	2021/22 Approved Budget £million	2022/23 Estimate £million	2023/24 Estimate £million	2024/25 Estimate £million
Modernising Back Office Systems (MBOS)				0.386
Governance Services				
Additional resource to support Equalities and Diversity	0.060			
Additional capacity in Legal Services to support Children's Social Care	0.143			
Potential Investment Areas				
Voluntary Sector, Community Hubs, Shielded Group	0.880			
Support to economic development	0.100	0.025	(0.055)	
Savings				
Savings 2020/21 - 2021/22	(2.953)			
Temporary mitigations to savings	(0.298)	(0.388)	(0.100)	
Removal of CSD Safeguarding Savings		0.854		
Removal of CET Trading Standards Savings		0.100	0.100	
Savings Slippage	4.063	(2.821)	(1.242)	
NET SERVICE EXPENDITURE	381.374	387.725	401.763	415.054
Corporate Expenditure		35.371	39.021	43.331
Treasury Management	18.709	1.221	1.500	0.500
General Contingency	3.980	0.060	0.080	0.060
Contingency for Potential Pay Award	2.071	2.511	2.400	2.434
Contribution to balances and reserves	0.648	0.246	0.318	0.407
Pensions	8.423	(0.400)		
Apprenticeship Levy	0.600			
Levies & Grants	0.940	0.012	0.012	0.012
TOTAL CORPORATE EXPENDITURE	35.371	39.021	43.331	46.744
TOTAL PLANNED EXPENDITURE	416.745	426.746	445.094	461.798
CUMULATIVE DEFICIT/(SURPLUS)	0.000	3.204	12.030	22.089
ANNUAL DEFICIT/(SURPLUS)	0.000	3.204	8.826	10.059

Savings 2021/22 to 2023/24

	2021/22 £'000	2022/23 £'000	2023/24 £'000	Total £'000	Slippage c/f from prior year(s) £'000	Total Savings £'000
Communities, Economy & Transport	594	1,362		1,956	1,014	2,970
Children's Services	134	893	0	1,027	0	1,027
Business Services / Orbis	136	0	1,242	1,378	0	1,378
Total Departments	864	2,255	1,242	4,361	1,014	5,375

Communities, Economy & Transport

East Sussex County Council - Savings 2021/22 to 2023/24		Gross budget	Net budget	Savings				Slippage c/f from prior year(s) £'000
		2018/19	2018/19	2021/22	2022/23	2023/24	Total	
Activity	Savings Proposal and impact Assessment	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Community Services								
Archives and Records Service	The Keep Sustainability Plan has been agreed and is a three-part savings and income plan to ensure the financial sustainability of The Keep. It would ensure that the partners still deliver our statutory and legal duties, and maintain a good degree of public access.	1,042	1,074	104	14		118	14
Library Services	The increase in the proportion of our stock available online as eBooks means that we can reduce the stock fund as eBooks have a longer shelf life than physical stock, with no deterioration in condition. We have also reviewed our support services and ICT contracts to ensure maximum efficiency and value. Finally, we have been able to reduce premises costs for Libraries, following the merger of the Records Management and Registration functions. The warehouse in Hailsham used by both services is now jointly funded. Overall this will achieve savings of £240k. In addition, we will keep our Needs Assessment and Accessibility Analysis under review, and as a result we may in future provide a reduced library service.	4,214	3,595	240	288		528	

Annex B Savings - figures

Communities, Economy & Transport (cont'd)

East Sussex County Council - Savings 2021/22 to 2023/24		Gross budget	Net budget	Savings				Slippage c/f from prior year(s)
		2018/19	2018/19	2021/22	2022/23	2023/24	Total	
Activity	Savings Proposal and impact Assessment	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Trading Standards	<p>Carry out food sampling and food inspection only where the risk is high; carry out reactive animal health disease control and take enforcement action where necessary. There will be a reduction in our preventative and support work, to business, to people vulnerable to scams and the reduction in routine inspection may increase public health risks.</p> <p>Target of £100k in both 2022/23 and 2023/24 removed</p>	765	657				0	
Transport								
Parking: Civil Parking Enforcement	Increase on-street parking charges where possible. Surpluses to be used for transport related funding.	6,134	(910)		1,000		1,000	1,000
Waste Disposal								
Household Waste Disposal	Ongoing review of commercial saving opportunities, with possible reductions in the number of HWRSSs	1,144	884	250			250	
Planning and Environment								
Environmental Advice Services	Income generation through traded services.	1,631	420		60		60	
TOTAL Communities, Economy & Transport				594	1,362	0	1,956	1,014

Annex B Savings - figures

Children's Services

East Sussex County Council - Savings 2021/22 to 2023/24		Gross budget	Net budget	Savings				Slippage c/f from prior year(s) £'000
		2018/19	2018/19	2021/22	2022/23	2023/24	Total	
Activity	Savings Proposal and impact Assessment	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Children's Social Care								
Early Help	Following Lead Member decisions and remodelling the Early Help Service, there will be a reduction in the family key work service, which has been deferred until 2021/22 and 2022/23. Savings will be generated in 2021/22 as a result of ceasing to run services from 10 children's centres and 2 nurseries.	9,592	5,652	134	893		1,027	
TOTAL Children's Services				134	893	0	1,027	0

Business Services / Orbis

East Sussex County Council - Savings 2021/22 to 2023/24		Gross budget	Net budget	Savings				Slippage c/f from prior year(s) £'000
		2018/19	2018/19	2021/22	2022/23	2023/24	Total	
Activity	Savings Proposal and impact Assessment	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Business Services: Orbis and Managed on Behalf of (MOBO) services: Finance, IT&D, Procurement, Property Services, HR and OD and Business Operations	The Advisory and Change areas of support are being analysed and presented to the 3 partner Councils to determine which elements need to form part of the Core Offer as they are essential in supporting the partners deliver their priorities, and which elements will no longer be provided. The aim would be to reduce spending as set out in this table although the details of how this might be achieved is still being developed.	47,534	22,270	136		1,242	1,378	
TOTAL Business Services / Orbis				136	0	1,242	1,378	0

Communities, Economy & Transport

East Sussex County Council - Savings 2021/22 to 2023/24		Protected characteristics								
		Age	Disability	Gender / Transgender	Ethnicity	Marriage / Civil Partnership	Pregnancy /Maternity	Religion / Belief	Sexual Orientation	No significant relevance
Activity	Savings Proposal and impact Assessment									
Community Services										
Archives and Records Service	The Keep Sustainability Plan has been agreed and is a three-part savings and income plan to ensure the financial sustainability of The Keep. It would ensure that the partners still deliver our statutory and legal duties, and maintain a good degree of public access.	-								
Library Services	The increase in the proportion of our stock available online as eBooks means that we can reduce the stock fund as eBooks have a longer shelf life than physical stock, with no deterioration in condition. We have also reviewed our support services and ICT contracts to ensure maximum efficiency and value. Finally, we have been able to reduce premises costs for Libraries, following the merger of the Records Management and Registration functions. The warehouse in Hailsham used by both services is now jointly funded. Overall this will achieve savings of £240k. In addition, we will keep our Needs Assessment and Accessibility Analysis under review, and as a result we may in future provide a reduced library service.	-	-	-						

Annex B Savings - EqlA

Communities, Economy & Transport (cont'd)

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Annex B Savings - EqlA

Children's Services

East Sussex County Council - Savings 2021/22 to 2023/24		Protected characteristics								
		Age	Disability	Gender / Transgender	Ethnicity	Marriage / Civil Partnership	Pregnancy /Maternity	Religion / Belief	Sexual Orientation	No significant relevance
Activity	Savings Proposal and impact Assessment									
Children's Social Care										
Early Help	Following Lead Member decisions and remodelling the Early Help Service, there will be a reduction in the family key work service, which has been deferred until 2021/22 and 2022/23. Savings will be generated in 2021/22 as a result of ceasing to run services from 10 children's centres and 2 nurseries.	-		-	-		-			
TOTAL Children's Services										

Business Services / Orbis

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